MONROE COUNTY ADMINISTRATION'S FINANCIAL STRATEGIES FOR 2003

1. A program of Quality Management shall be maintained for purposes of providing cost-effective and efficient services which lead to budgetary savings over time.

2. The county must continue attempts to diversify its economy in order to strengthen its property tax base by encouraging commercial and, in particular, industrial development and expansion. It must also work to retain its existing base.

3. Long-range planning processes shall proceed as continual efforts synchronized with the capital improvement program, capital budget and operating budget.

4. Duplicative functions shall be eliminated where feasible and warranted. Services shall be provided in the most cost effective manner, including use of out-sourced services where economical.

5. Annual budgets shall be planned, approved and implemented to ensure a positive balance at the end of each fiscal year. Appropriations shall be reduced during the fiscal year when deemed necessary to meet the objectives of the community.

6. Annual budgets shall be prepared and presented in accordance with standards set by the Government Finance Officers Association of the United States and Canada.

7. A program/performance budget shall be developed which emphasizes outputs and outcomes. There shall be established a program to improve the productivity of county programs through routine management analyses of county department operations together with implementation of a comprehensive management system that includes emphasis on full accountability and the capacity to evaluate the effectiveness and efficiency of county programs.

8. The concept of “popular reporting” shall be incorporated in the county’s annual financial report by means of publishing a Popular Annual Financial Report concurrently with the county’s Comprehensive Annual Financial Report.

9. Financial statements shall be prepared in accordance with generally accepted accounting principles.

10. A cost accounting system shall be developed, instituted and maintained which accurately reflects the cost of services.

11. A reserve for retirement costs shall be established and maintained in order to prepare for increases in pension expenses and other post-retirement benefit costs and level out the impact on annual budgets.

12. The cash management system shall be maintained to minimize short term borrowing, maximize investment earnings and ensure adequate safety of principal.

13. The county should establish and maintain an Account for Property Tax Relief: (a/k/a.: Fund Balance Designated for Property Tax Relief):

    a. This fund should not be less than the lesser of $3.0 million or 1.5 percent of total Combined General Fund disbursements in any given year. Nor shall the fund exceed 5 (five) percent at any time. The fund shall be budgeted each year taking into consideration any year-end available unspent uncommitted balance for this purpose. The fund balance shall be maintained for purposes of tax stabilization and shall not be drawn down below this limit during any fiscal year without a vote of the Legislature. Any or all of this fund may be applied to General Fund purposes during the annual budget process by simple majority vote of the Legislature to stabilize taxes for the same fiscal year.

    b. No funds shall be set aside in the Account for Property Tax Relief until all appropriate liabilities are fully accrued according to generally accepted accounting principles and the county has a year-end audited unreserved, undesignated fund balance in the General Fund which exceeds $250 thousand.

c. If a budgetary deficit appears forthcoming during a given fiscal year, appropriations shall be reduced and/or revenues increased to ensure a positive undesignated fund balance (surplus) in the General Fund at year end or the Account for Property Tax Relief shall be reduced as needed. The Chief Financial Officer shall be responsible to the County Executive for evaluating the financial condition of the county. The County Executive shall initiate corrective actions as warranted.

14. All debt obligations shall be issued with extreme care including debt of those enterprises for which the county is contingently liable. Future debt issuance shall be in accordance with the discipline set forth in the Capital Improvement Program.

15. Debt ratios shall be maintained at or below the following levels:

    a. Net direct general obligation debt as a percentage of estimated market value shall always remain less than four percent on an average annual basis over any five consecutive years.

    b. The ratio of net direct general obligation secured debt service expenditures as a percentage of Combined General Fund expenditures shall not exceed ten percent per year over any consecutive five years. The county shall utilize pay-as-you-go (e.g., “Cash Capital”) capital financing for maintenance, repair and new construction projects under $100,000 in total cost where practical. Within existing fiscal constraints, a minimum total of $2,000,000 in current funds each year shall be budgeted for this purpose. Cash capital shall be optimally allocated to comprise roughly 15% of all net direct capital expenditures each year when resources are available. The county should make timely investments in infrastructure in order to enhance the economic base of the community. The issuance of debt in the future shall be undertaken in concert with the debt service savings objective accruing from the application of proceeds from the securitization of tobacco settlement payments.

    c. Average annual general obligation original issue long term debt sales shall not exceed $100 million or $500 million over any consecutive five year period.

    d. Self-supporting general obligation debt shall be issued commensurate with the respective needs of the enterprises which are to operate these projects. Where practical, revenue supported debt shall be utilized in order to minimize any impact on the General Fund.

16. The Finance Department shall adhere to the principles and practices of sound “asset/liability management” which generally require the matching of liabilities with appropriately structured assets in order to minimize interest rate volatility risks.

17. A system of internal controls shall be instituted and maintained sufficient to ensure compliance with all applicable laws, optimal cost effectiveness of county services and prudent stewardship over public funds. All employees will be responsible and accountable for the safekeeping of public assets. Management shall institute and maintain a professional internal audit function to monitor and improve the system of controls.

18. All departments are responsible for recovery of budgeted non-tax revenues as planned in the annual budget. Departments shall maintain adequate billing and claiming processes in order to effectively manage their accounts receivable system in conformance with the fiscal plan and sound business principles.

19. The County Executive shall cause a management review to be performed annually to ascertain the county’s performance in attaining these goals. The report shall be submitted to the Legislature no later than May 15 of the next year. The results of this evaluation shall be presented in the Comprehensive Annual Financial Report to be prepared by the Department of Finance in conformance with standards established by the Government Finance Officers Association of the United States and Canada.

20. The County Executive may institute appropriate modifications to this policy as a function of changing economic and financial conditions as well as evolving managerial requirements.